

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: EFFICIENT USE OF TELEPHONE NUMBERING RESOURCES	DOCKET NO. NOI-00-3
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**ORDER GRANTING APPLICATION FOR RECONSIDERATION AND
REQUEST FOR SUPPLEMENTAL ORDER**

(Issued May 17, 2001)

INTRODUCTION

On April 3, 2001, the Utilities Board (Board) issued an order in this docket initiating thousands-block number pooling trials in the 515 and 641 area codes with the goal of improving the efficiency of telephone number assignment, thereby extending the projected lives of these two area codes. The order stated that Qwest Corporation (Qwest) is the only major carrier serving the 515 and 641 area codes that has widespread Local Number Portability (LNP) capability, a requirement for thousands-block number pooling. Accordingly, the Board expressed the belief that the 515 and 641 trials would effectively be limited to Qwest exchanges, at least for the foreseeable future.

The Board's order was issued pursuant to delegated authority from the Federal Communications Commission (FCC). The FCC order delegating that authority to the Board requires that the Board develop a state-specific mechanism to

allow carriers participating in the pooling trials to recover their costs in a manner consistent with certain FCC guidelines. The Board addressed this requirement by noting that the FCC is still in the process of developing a national cost recovery mechanism for the nationwide number pooling program; that the FCC requires state pooling trials to be rolled into the national program in the future; and that the state-specific cost recovery mechanism should therefore be consistent with the national system, once it is announced by the FCC. For this reason, the Board did not order creation of a state-specific mechanism at this time, but instead directed its staff to continue to collect cost information from local exchange carriers and to monitor the appropriate FCC proceedings for further developments. However, the Board also stated that if the information from the carriers indicated a pressing need for a state cost recovery mechanism, the Board would take appropriate action.

QWEST'S MOTION FOR RECONSIDERATION

On April 20, 2001, Qwest filed a motion for reconsideration of the April 3, 2001, order, raising questions regarding the appropriate extent of the pooling trials and the need for a formal cost recovery proceeding. With respect to the first question, Qwest states it currently provides local exchange service in 51 rate centers in the 515 and 641 area codes, but that only seven of those rate centers have either multiple LNP-capable providers or a single LNP-capable provider with more than one switch in the rate center. Qwest indicated there would be little, if any, value in pooling in the other 44 rate centers, at least "so long as Qwest continues to be the

only LNP-capable service provider within those rate centers and where Qwest has no more than one switch in them.”

In its second question, Qwest asked that the Board “open a proceeding or continue this proceeding to further investigate the costs and benefits associated with such trials,” arguing that the Board should investigate and implement a cost recovery mechanism at the same time as the number pooling trials are initiated. Qwest estimated that its own costs for deploying number pooling in the 515 and 641 area codes would be about \$10.7 million, but did not provide any workpapers or other information to support the estimate.

On April 25, 2001, Board staff and Telcordia Technologies (Telcordia), the designated interim-pooling administrator, conducted the initial industry implementation meeting for these pooling trials. The meeting was held in the Board’s hearing room. At that meeting, Qwest expanded on its motion for reconsideration, stating that its estimate of the initial cost of deploying number pooling would be reduced by about \$4 million if Qwest is only required to implement pooling in the seven rate centers where there is another LNP-capable local exchange service provider (or two Qwest switches). Qwest further stated that if a LNP-capable local exchange service provider entered any of the other 44 rate centers, Qwest could add thousands-block number pooling to that rate center within 30 days (if uncontaminated thousands-blocks are available; an additional 30 days would be required if only contaminated blocks are available). The Telcordia representatives then stated that

Telcordia would be able to process the new pooling exchanges and issue thousands-blocks within another 30 days. Thus, if the Board requires pooling only in the seven exchanges identified by Qwest, and if a new provider subsequently enters one of the other exchanges and requests telephone numbers, Qwest and Telcordia could provide the new entrant with a thousand-block within 60 to 90 days, a time period that is comparable to the minimum 66 days required for a new service provider to obtain an entire 10,000 block of numbers from the North American Numbering Plan Administrator (NANPA).

IOWA TELECOM'S REQUEST FOR A SUPPLEMENTAL ORDER

On May 4, 2001, Iowa Telecommunications Services, Inc. (Iowa Telecom), filed a request for a supplemental order, stating that Iowa Telecom concurs in Qwest's motion for reconsideration with respect to the issues of cost and cost recovery. Iowa Telecom further states that it would be a participating carrier in the 641 pooling trial in 16 exchanges; that Iowa Telecom will incur considerable expense to participate in the pooling trial; but that Iowa Telecom does not, at this time, have a reliable estimate of its expenses to submit to the Board. Iowa Telecom asks that the Board "issue a supplemental order which would address a procedure for the identification of developmental, implementation and operational costs and explore a mechanism for the recovery of those costs."

ANALYSIS

Initially, the Board notes that this docket may not be a contested case proceeding as defined in Iowa Code § 17A.2(5) (2001), so it could be argued that reconsideration or rehearing is not available to the participants in this docket, pursuant to the terms of Iowa Code § 476.12. However, the Board finds that Qwest and Iowa Telecom have raised valid points with respect to the Board's April 3, 2001, order in this docket, and it is in the public interest that those points should be addressed by the Board, regardless of whether that is done by means of rehearing, reconsideration, or supplemental order. Accordingly, the Board will grant Qwest's motion for reconsideration and Iowa Telecom's request for a supplemental order without determining whether this docket is, or is not, a contested case proceeding.

SHOULD POOLING BE LIMITED TO EXCHANGES WHERE COMPETITION IS PRESENT?

The first question raised by Qwest is whether the Board's thousands-block number pooling trials should be limited to exchanges where competition is present, specifically competition that is capable of participating in the pooling trial. This targeted form of pooling will save approximately \$4 million in implementation costs, according to Qwest.

Based upon the representations made by Qwest at the initial industry implementation meeting, it appears targeted pooling will have cost benefits without significant disadvantages. Qwest indicates that if a competitive local exchange

service provider with LNP capability requests telephone numbers in an exchange that is not targeted for pooling, Qwest can implement pooling in 30 or 60 days, depending upon the availability of uncontaminated thousands-blocks. Telcordia indicates it could then assign a thousand-block to the new entrant after another 30 days, for a total time from request to assignment of 60 to 90 days. This is similar to the 66-day minimum period required to obtain an entire 10,000 block of telephone numbers, so the delay is not unreasonable. In fact, the Competitive Local Exchange Carrier (CLEC) representatives at the implementation meeting indicated they have no problems with the proposal for targeted pooling.

Based on the representations made by Qwest and Telcordia and the support offered by the CLEC representatives, the Board finds Qwest's proposal for targeted pooling to be a reasonable starting point. The Board will modify Ordering Clause No. 1 of its April 3, 2001, order in this docket to provide that pooling will be required only in rate centers that are served by multiple LNP-capable local exchange service providers or served by multiple switches belonging to or operated by a single LNP-capable local exchange service provider.

The Board tentatively concludes it should also require pooling in other exchanges where a competitor is providing local exchange service and has requested and received its own block of 10,000 numbers. These exchanges include Urbandale, Adel, Waukee, Winterset, Carlisle, Webster City, Clarion, Humboldt, Renwick, and Eagle Grove. Based upon the existence of competition with separate

central office codes in these rate centers, it appears these are places where pooling is likely to be effective in the near future. However, this is only a tentative conclusion, and the Board will give Qwest, Iowa Telecom, and any other interested persons 14 days from the date of this order to examine the circumstances of each of the identified exchanges and, if appropriate, file with the Board a request that one or more of these exchanges not be included in the pooling trial at this time.

Furthermore, additional rate centers should be added to the pooling trial whenever a new, LNP-capable provider requests telephone numbers in a rate center that is not at that time part of the pooling trial. Board staff will monitor these situations to ensure the exchanges are converted to pooling in a timely manner, as delays could have anti-competitive results. If there are unnecessary or unexplained delays, the Board will take such action as may be appropriate.

Finally, the Board encourages carriers to voluntarily implement pooling in other rate centers if and when circumstances make it economical to do so.

COST RECOVERY MECHANISM

Both Qwest and Iowa Telecom urge the Board to open a proceeding to further investigate the costs of Iowa's thousands-block number pooling and develop a mechanism for recovery of those costs. However, Iowa Telecom admits that it "does not, at this time, have a reliable estimate of its expenses for submission to the Board." Qwest filed a separate, confidential document on May 10, 2001, with some incomplete information pertaining to its own costs for number pooling. Qwest also

indicates in its request for reconsideration that the other local exchange service providers in Iowa will incur costs for number pooling, which Qwest does not attempt to quantify in any detail.

The Board recognizes the importance to the industry of cost recovery issues. However, as the Board noted in its April 3, 2001, order in this docket, the FCC is still in the process of developing the cost recovery mechanism for the national number pooling system. In fact, the FCC found that it cannot develop a mechanism until it has reliable cost information. (“Notice of Proposed Rulemaking,” Re: Number Resource Optimization, Docket No. 99-200 (May 27, 1999), Paragraphs 193-210.) The Board is in the same position; without detailed, reliable cost information, it is impossible to determine what form the cost recovery mechanism should take, how much it should be, how long it should last, or make any of the other basic decisions required. For administrative ease, the Board intended to gather this information on an informal basis as the pooling trial is initiated, but it appears the local exchange service providers prefer a formal docket. As no party has objected to initiating a formal docket for the purpose of determining the reasonable, recoverable costs associated with the number pooling trials and the appropriate mechanism for recovering those costs, the Board will grant Qwest’s application for reconsideration on this point and Iowa Telecom’s motion for supplemental order and initiate a separate docket for that purpose. A separate order will be issued to commence the investigation and establish a procedural schedule.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The "Application For Reconsideration" filed on April 20, 2001, by Qwest Corporation and the "Request For A Supplemental Order" filed on May 4, 2001, by Iowa Telecommunications Services, Inc., are granted as follows:

a. The Board's April 3, 2001, order in this docket is hereby modified to provide that thousands-block number pooling will be required only in rate centers in the 515 and 641 area codes that are served by multiple LNP-capable local exchange service providers or are served by multiple switches belonging to or operated by a single LNP-capable local exchange service provider. Additional rate centers should be added to the pooling trial whenever a new, LNP-capable provider requests telephone numbers in a rate center that is not at that time part of the pooling trial.

b. Pooling will also be required in other exchanges where a competitor is providing local exchange service and has requested and received its own block of 10,000 numbers. These exchanges include Urbandale, Adel, Waukee, Winterset, Carlisle, Webster City, Clarion, Humboldt, Renwick, and Eagle Grove. However, all interested persons shall have 14 days from the date of this order to file with the Board a request that one or more of these exchanges not be included in the pooling trial at this time, if it is believed to be inappropriate for one or more of these exchanges.

c. The Board will initiate a separate contested case proceeding to determine the reasonable, recoverable costs of the thousands-block number pooling trials in the 515 and 641 area codes and the appropriate mechanism for recovery of those costs.

2. The Board retains jurisdiction over this matter to issue such future orders and take such further actions as may be appropriate.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Judi K. Cooper
Acting Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 17th day of May, 2001.